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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 002587

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DEPARTMENT FOR EAP AND EAP/CM
NSC FOR DENNIS WILDER

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [CH](#) [HK](#)
SUBJECT: CPPCC CHAIRMAN JIA QINGLIN VISIT TO HONG KONG:
CEREMONY OR SUBSTANCE?

Classified By: E/P Section Chief Simon Schuchat; Reasons 1.4 (b, d)

11. (C) Summary: Chairman Jia Qinglin of the Chinese People's Political Consultative Conference (CPPCC) will visit Hong Kong June 27-29 to attend the "Mainland, Hong Kong and Macau Trade and Economic Cooperation Forum," which will mark the third anniversary of the signing of the Hong Kong-PRC Closer Economic Partnership Arrangement (CEPA). During his visit, Jia also will meet with local political and business leaders and host a banquet to which all members of the Legislative Council (Legco) and Executive Council (Exco) have been invited, although many of the pro-democracy legislators are not likely to attend. One independent democratic Legco member told us that the visit would constitute a very significant expression of support for Chief Executive Tsang, while an Exco member said we would need to examine whether Jia goes beyond "courteous words of support" to assess whether the visit represented explicit support for Tsang or just more general support for the HKSAR. On the economic side, Trade and Industry Department Deputy Director General Raymond Young said Jia may use the occasion to unveil some expansion of CEPA preferences, although there were no plans for either a formal signing ceremony or a packaging of the measures into a "CEPA IV." End Summary.

12. (SBU) Chairman Jia Qinglin of the Chinese People's Political Consultative Conference (CPPCC) will lead a 700-member delegation to Hong Kong June 27-29. This will be the first official travel to Hong Kong by Jia, who ranks fourth in the PRC Politburo, since he was appointed CPPCC Chairman in 2003. It also will be the first visit to Hong Kong by a high-level central government official since the December 2005 defeat of Chief Executive Donald Tsang's proposals for constitutional reform, which were supported by Beijing. The last senior leader to visit Hong Kong was Vice President Zeng Qinghong in September 2005.

CEPA Anniversary

13. (SBU) During his visit, Jia will deliver the keynote speech at the opening of the "Mainland, Hong Kong and Macau Trade and Economic Cooperation Forum," which has been jointly organized by the Hong Kong Special Administrative Region Government (HKSARG) and the PRC Ministry of Commerce to mark the third anniversary of the signing of the Hong Kong-PRC Closer Economic Partnership Arrangement (CEPA). Chief Executive Tsang, Macau Chief Executive Edmund Ho, Minister of Commerce Bo Xilai, PRC Hong Kong Macau Affairs Office (HKMAO) Director Liao Hui, and other senior PRC officials are scheduled to attend the forum. During his visit, Jia also is scheduled to visit the Hong Kong Stock Exchange, the Hong Kong Monetary Authority, a "middle-class family", the

recently opened Wetland Park, and the Cyberport. He also will hold closed-door meetings with local NPC and CPPCC delegates and meet with former Chief Executive Tung Chee-Hwa.

Support for the Chief Executive?

14. (C) On June 28, Jia will host a banquet for Hong Kong business, community, and political leaders, including all members of the Executive Council (Exco) and the Legislative Council (Legco). While most of the pro-Beijing legislators, including all ten Liberal Party members and most of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) contingent, are expected to attend the banquet, independent democratic Legco member Albert Cheng told us on June 22 that the pro-democracy Democratic Party (DP) and Civic Party (CP) each would send just one or two members. Cheng said he and most of the other independents would find "excuses," such as an urgent Legco meeting to work on the pending covert surveillance legislation, to skip the event. The DP and CP are preparing a joint petition, urging acceleration of Hong Kong's democratic development and implementation of universal suffrage, for submission to Jia during his visit. As usual, independent legislator "Long Hair" Leung Kwok-hung has vowed that he will stage a protest during the banquet.

15. (C) Conversely to the democrats, some pro-Beijing groups in Hong Kong may seek to use the Jia visit to bolster their position as well as that of incumbent Chief Executive Tsang in the run-up to the December elections for the Election Committee that will select the next Chief Executive, widely expected to be Tsang, in March 2007. Albert Cheng told us

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that the visit constituted a very significant expression of support for Chief Executive Tsang and was "not just ceremonial." Executive Council member Anthony Cheung was more circumspect, telling poloff on June 22 that we would need to examine whether Jia went beyond "courteous words of support" in order to assess whether the visit marked a reiteration of Beijing's backing for Tsang personally or just more general support for the HKSAR.

Bearing Gifts from Beijing

16. (SBU) For several weeks, rumors have been circulating in Hong Kong that Jia would unveil some "concessions" to boost the Hong Kong economy during his visit. On June 20, Trade and Industry Department Deputy Director General Raymond Young said Jia might use the occasion of the third anniversary of the signing of CEPA, which is Hong Kong's free trade agreement with China, to roll out an expansion of CEPA preferences. Young said that the legal, audiovisual, telecommunications, tourism, and construction sectors would all benefit from new market liberalization measures. The details would be hammered out in a meeting between PRC Vice-Minister of Commerce Liao Xiaoqi and Financial Secretary Henry Tang early next week. Young said there were no plans for either a formal signing ceremony or a packaging of the measures into a "CEPA IV." This is in reference to the fact that to date, CEPA has been expanded in three distinct phases, the latest of which gave all products manufactured in Hong Kong tariff-free entry into the mainland.

17. (SBU) The primary impact to date of CEPA has come from its tourism provisions, which committed the mainland to allow individual visits by some of its citizens to Hong Kong. The ensuing expansion of the individual visitors program throughout cities in Guangdong and beyond has been a key element of Hong Kong's above-trend economic growth since the end of the SARS outbreak in the summer of 2003. CEPA has also been credited with boosting Hong Kong's image in the eyes of foreign investors, with expanding opportunities in

service sectors like banking and logistics, and with niche gains in manufacturing. Taken together, CEPA is estimated to have created 30,000 jobs since it went into effect on January 1, 2004.

Cunningham